

**SPECIFICATIONS FOR AUDITS OF
AUTHORITIES, BOARDS, AND COMMISSIONS
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NOTE: The documented tracked changes included within this manual are intentional to communicate the current year's amendments.

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**SPECIFICATIONS FOR AUDITS OF
AUTHORITIES, BOARDS, AND COMMISSIONS
CHAPTER 1
INTRODUCTION**

Introduction

The General Assembly has created numerous authorities, boards, and commissions through either general or special laws. The Auditor of Public Accounts has responsibility in accordance with §30-140 of the Code of Virginia, to establish audit specifications for governmental authorities, boards and commissions, with unelected governing bodies. In accordance with this statutory authority, we are providing the accompanying audit specifications.

Statutory Audit Requirements for Authorities, Boards and Commissions

The Code of Virginia §30-140 requires that each authority, commission, district or other political subdivision, the members of whose governing body are not elected by popular vote and having financial transactions in excess of \$25,000, shall file an audit report within 90 days after the close of the fiscal year with the Auditor of Public Accounts.

This section further provides:

"No audit, however, shall be required for any fiscal year during which such entity's financial transactions did not exceed the sum of \$25,000. As used herein, 'financial transactions' shall not include financial transactions involving notes, bonds or other evidences of indebtedness of such entity the proceeds of which are held or advanced by a corporate trustee or other financial institution and not received or disbursed directly by such entity. In the event an audit is not required, the entity shall file a statement under oath certifying that the transactions did not exceed such sum and, as to all transactions involving notes, bonds or other evidences of indebtedness which are exempted, the statement shall be accompanied by an affidavit from the trustee or financial institution certifying that it has performed the duties required under the agreement governing such transactions. Notwithstanding the foregoing, the Auditor of Public Accounts may require an audit if he deems it to be necessary to determine the propriety of the entity's financial transactions."

The Code of Virginia §30-140 further requires those entities that are audited to publish a summary statement of financial condition in a newspaper of general circulation in the locality of the entity. The summary statement should include at a minimum total assets, liabilities, and fund balances; total revenues, expenditures, and other sources or uses; and the resulting net change in fund balances.

Revisions to the Audit Specifications

This 2020 revision of the Specifications for Audits of Authorities, Boards, and Commissions reflects existing professional literature at the time of issuance. However, as new accounting and auditing

pronouncements emerge, the manual will need to change. The Auditor of Public Accounts will periodically review the audit specifications to identify changes that may be required. The Auditor of Public Accounts will distribute these changes to local governments and their auditors.

Relationship to Other Standards

Auditors must conduct audits in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. The auditor must follow *Government Auditing Standards* on every audit, regardless of whether the entity received federal financial assistance. When appropriate, the Auditor should conduct audits in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The Auditor of Public Accounts designed these specifications to help ensure the quality of governmental audits and ensure compliance with material and significant state laws and regulations. Accordingly, the auditor must perform the required procedures in this manual; however, auditors may use judgment when applying audit procedures that involve audit sampling. The auditor's determination that certain procedures do not apply requires documentation in the working papers.

Financial Reporting Requirements

The Auditor of Public Accounts requires that financial statements of authorities, boards and commissions be prepared in accordance with the provisions of the Governmental Accounting Standards Board (GASB). Many authorities, boards, and commissions are an integrated unit of a local government. GASB provides requirements and guidance for the reporting entity, component units, jointly governed organizations, and other stand-alone governments. If the entity (authority, board, commission, etc.) is a blended or discrete component unit of a local government (who is considered the primary government) and all proper disclosures and supplementary schedules required by the GASB for the component unit are included within the local government's annual financial report (CAFR), the entity's (authority, board, commission, etc.) election to be included as a part of the local government's CAFR and not to publish a separate set of financial statements would be sufficient for the intent of meeting the Code of Virginia §30-140. However, for some entities (authorities, boards, commissions, etc.), a local governing body serves as the fiscal agent and reports the applicable entity as an agency fund in the local government's annual financial report. Accordingly, these authorities, boards, and commissions must still issue a separate set of their financial statements prepared in accordance with generally accepted accounting principles and audited in accordance with these specifications, generally accepted auditing standards and *Government Auditing Standards*.

**SPECIFICATIONS FOR AUDITS OF
AUTHORITIES, BOARDS, AND COMMISSIONS
CHAPTER 2
AUDIT PROCEDURES**

2-1 General

This chapter contains required audit procedures for governmental entity audits made pursuant to §30-140 of the Code of Virginia including required audit procedures for determining compliance with certain material and significant state laws and regulations. The degree of testing these state compliance issues may depend on the terms of the state law, agreement or other requirements of the program.

Auditors should be thoroughly familiar with this chapter before planning and performing the audit and should incorporate these considerations into the auditor's plan and programs. The procedures contained in this chapter do not constitute an audit in accordance with *Government Auditing Standards*. The auditor should perform such additional procedures, as he deems necessary to satisfy those standards.

Where appropriate, the auditor must meet the requirement of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

No manual defining audit specifications can meet all the present and future needs of governmental entities or their auditors. Changes will be needed as new accounting and auditing pronouncements and/or as new issues emerge. The Auditor of Public Accounts will periodically update these specifications as changes occur. However, responsibility for complying with professional standards remains with the auditor and the auditor should follow all new pronouncements.

Specific questions regarding the requirements contained within this chapter should be addressed to the related state agency. General questions regarding the audit specifications can be directed to the local government manager at the Auditor of Public Accounts.

2-2 Auditing Standards and the Audit Contract

Requirement: Auditors must conduct their audit in accordance *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts. The auditor must follow *Government Auditing Standards* on every audit, regardless of whether the government received federal financial assistance.

Requirement: Auditors must discuss materiality, the anticipated nature and scope of the audit, and the planned work on internal controls and compliance during the procurement process and with management and the governing body before the start of the engagement each year. If an entity has an audit committee the discussion with this committee will meet this requirement. The auditor should document these discussions in the working papers. To the extent the governing body's expectations exceed professional standards, the auditor should incorporate these additional requirements into the contract documents. The auditor is then responsible for performing the audit in accordance with applicable standards and the terms of the audit contract.

2-3 Inmate Canteen and Other Auxiliary Funds

Contact: Compensation Board; Robyn DeSocio, Executive Secretary; Phone – 804.225.3439 [robyn.desocio@scb.virginia.gov] [Reviewed May 2020]

Background Information

Most local correctional facilities, including jails, offer canteen services to their inmates. Facilities use various methods to sell these items to inmates, depending on the size of the facility and the number of times each week canteen services are offered. Net profits from the canteen operations that are generated from the inmates' accounts must benefit the inmates in the custody of the Sheriff or Regional Jail Superintendent.

Some Sheriffs also receive funds from other sources directly related to jail operations. These include telephone commissions, inmate medical co-payments, work release and other fees collected from inmates. As further described below, these funds are either included in the canteen proceed accounts or go to the local treasurer and, through appropriation, defray the cost of the jail operations.

The inmate canteen accounts and telephone commissions are public funds. The Code of Virginia requires that these funds be used within the jail facility for purposes to benefit the inmates. The funds should not be used for the sheriff's personal gain or convenience.

Some jails have established work release and medical treatment programs where inmates contribute to the costs. Inmate co-payments for medical services are a set fee that covers only a portion of the costs of the services. The medical co-payments should directly offset the costs for medical programs.

Annually the Compensation Board prepares a Jail Cost Report on jail revenue and expenditure data from all local and regional jails and jail farms that receive funds from the Compensation Board. The jails must include an audited statement of revenues and expenses for inmate canteen accounts, telephone commission funds, inmate medical co-payment funds, any other fees collected from inmates, and investment/interest monies for inclusion in the report. See additional information on the Compensation Board internet site at <http://www.scb.virginia.gov>; follow the link for Publications and Forms (Jail Canteen Funding Audit Information)

Allowability Requirement – Inmate Canteen Accounts

In accordance with Section 53.1-127.1, the canteen account profits that are generated from the inmates' accounts are required to be used within the facility for purposes to benefit the inmates under the jurisdiction of the Sheriff or Regional Jail Superintendent. Any other profits may be used for the general operation of the sheriff's office (as appropriated by the governing body). The allowable expenses from profits of the inmate accounts include:

- Commissary-services, supplies, furnishings, equipment, training. Also, personnel services for time spent directly guarding or working in the commissary. [Note: These are all direct costs of the canteen.]

The profits from the inmate canteen should not be used to fund the normal operations of the jail. They may be used for:

- Education-services, supplies, equipment, furnishings, training.
- Recreation-services, supplies, equipment, furnishings.
- Library-services, supplies, furnishings, equipment, books, magazines, periodicals, newspapers.
- Indigent Inmate Care-stamps, clothing, personal hygiene items, vision, dental, medical, commissary items.

- Inmate care/programs-safety equipment, workforce clothing, workforce tools, laundry equipment, supplies, hygiene items, medical equipment.
- Special Food Service-special meals or food items associated with holidays and/or specific events/occasions.
- Special Counseling/Pastoral Care-services, supplies, equipment, furnishings, training.

The above allowable expenses are not considered all-inclusive and funds should not be used for goods or services that can be provided to the jail at no cost. Additional expenses may be approved at the sole discretion of the Sheriff/Regional Jail Superintendent, provided that the expense is for the care and welfare of inmates. **No expense shall be for the personal gain, benefit, consumption or use of any individual other than jail inmates.**

Allowability Requirement – Telephone Commissions

Commissions on inmate telephone calls preferably go directly to the local treasurer and are used to defray the cost of the jail operations. In some localities, the commissions are received directly by the Sheriff and are included in the canteen proceeds accounts. The allowable costs for telephone commissions that are received in the inmate canteen account are described above.

Allowability Requirement – Inmate Medical Co-payment Funds

The inmate medical co-payment funds should directly offset the costs for medical programs.

Allowability Requirement – Other Inmate Fees (Work Release, RAID and HEM monies) and Investment/Interest Monies

All fees collected from inmates and all interest earned on inmate accounts must be used for the benefit of the inmates or deposited with the Treasurer and used to defray the cost of jail operations.

Required Audit Procedure - Inmate Canteen and other Auxiliary Funds

The auditor must obtain the Jail Canteen Fund Activity Report for the fiscal year under audit and perform the following:

- Agree the revenue and expense amounts from the Jail Canteen Fund Activity to the accounting ledger.
- Select a sample of disbursement transactions from the inmate canteen accounts. For each transaction selected, determine whether the disbursement benefited the inmates based on the allowable costs described above.

- Determine the reasonableness of inmate medical co-payment funds collected during the year to ensure the funds were used to offset the total costs for medical programs.

Note: The auditor may consider risk assessment and materiality when reviewing the medical co-payment funds collected. If the balance is material as it relates to the total costs, the auditor should consider selecting a sample of inmate medical co-payment fees, and trace each fee to the general ledger to determine whether it defrayed the inmate medical program costs.

- Determine the reasonableness of other fees collected from inmates and to ensure that the subsequent disbursements from these fees benefited the inmates or were used to defray the cost of jail operations as appropriate, depending upon the type of fee or fund.

Note: The auditor may consider risk assessment and materiality when reviewing other fees collected and investment/interest monies.

2-4 Cash and Investments

Contact: Department of the Treasury; Kristin Reiter; 804-225-3240; Kristin.Reiter@trs.virginia.gov [Updated July 2020]

The Code of Virginia contains various requirements designed to safeguard public funds in the Commonwealth. Deposits must be secured in accordance with the Virginia Security for Public Deposits Act (§2.2-4400 et. seq. of the Code of Virginia). The Act requires governments to use bank and financial institutions that meet specific collateralization requirements. The Code of Virginia also places restrictions on the types of investments a government may invest in.

The state Department of the Treasury makes available a monthly listing of qualified depositories. The listing may be obtained from Treasury's website at <https://www.trs.virginia.gov/Operations>. Under *Important Links*, click *SPDA Depositories*.

Special Requirement - Public Depositories

All public deposits must be made into a qualified public depository in accordance with the Virginia Security for Public Deposits Act (§2.2-4407 of the Code of Virginia). Governmental officials must ensure the qualified depository identifies the account(s) as public deposits. Public deposits include all moneys of the Commonwealth, local governments, or other political subdivisions.

In the Security for Public Deposits Act amendments, effective July 1, 2010, the definition of “public deposit” is redefined to “mean moneys held by a public depositor who is charged with the duty to receive or administer such moneys and is acting in an official capacity, . . .” Application of this revised definition of “Public Deposit” may allow for the inclusion of school activity funds and other funds held by a public entity as public deposits that may have previously been excluded.

Under the Act, banks and savings and loans holding public deposits in excess of the amounts insured by FDIC must pledge collateral to secure those public deposits in amounts set by regulations or action of the Treasury Board. Banks and savings and loans holding public deposits have two methods to secure Virginia public deposits: the dedicated method or the pooled method.

As the FDIC coverage limits have continued to change over the last few years, auditors should refer to guidance on insurance coverage for governmental units at the FDIC’s website: <http://www.fdic.gov/deposit/deposits/factsheet.html>. Balances in excess of the FDIC limits are covered under Virginia’s Security for Public Deposits Act. Under the Virginia Security for Public Deposits Act, balances in excess of the FDIC limit are covered if the local official properly identifies the funds as public funds and holds them in a Virginia qualified public depository.

Under the dedicated method, public depositories can secure public deposits without accepting the contingent liability for the losses of public deposits of other qualified public depositories. Because the Commonwealth can only look to the collateral pledged by the depository choosing the dedicated method to cover any losses of deposits if the depository fails, the collateral required to be pledged and the reporting requirements under the dedicated method are more stringent than under the pooled method. Depositories choosing the dedicated method must pledge collateral between 105% to 130% of their public deposit balances net of FDIC based on the financial condition of the depository. Dedicated depositories are required to report their public deposit balances and the market value of pledged collateral on a weekly basis.

Under the pooled method, public depositories accept a contingent liability for the possible loss of public deposits from the failure of other public depositories that choose the pooled method. In the event of the failure of a pooled depository, the Treasury Board would first look to the collateral pledged by the failed depository to recover the loss of public deposits. If the realized value of the pledged collateral of the failed depository is not sufficient to cover the loss of public deposits at the failed depository, the Treasury Board will assess the remaining loss

against the other depositories in the pool based on average public deposit balances held by pooled depositories during the previous twelve months.

For pooled banks and savings and loans, the collateral requirements approved by the Treasury Board in February 2009 are now effective. For the first \$50 million in public deposits, the bank is required to pledge 50 percent collateral. For public deposits between \$50 million and \$250 million, the bank is required to pledge 75 percent collateral. For public deposits over \$250 million, the bank is required to pledge 100 percent collateral. Based on their financial condition, Treasury Board may require some pooled banks to pledge 100% collateral.

The Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local officials of compliance by banks and savings and loans.

The Treasury Board has a feature to confirm that a Virginia governmental unit's public deposits are being reported as public deposits and collateralized by the governmental unit's public depository in accordance with the Security for Public Deposits Act. The Public Fund Search application is located on the Department of the Treasury's website under the Operations Division page at the following link URL: <https://spda.trs.virginia.gov/quarterlysearch.aspx>. The application allows governmental units to quarterly ensure that their depositories are accurately reporting the unit's public deposit accounts to the Treasury Board.

Required Audit Procedure:

In Virginia, the auditor has additional responsibility with regard to cash accounts held in banks and other financial institutions. The auditor should determine the following:

1. The balances in all official bank accounts held by the entity are appropriately reported in their annual financial statements.

NOTE: The auditor may determine to perform audit procedures, such as obtaining confirmations or reviewing contracts with banks, as appropriate for this requirement according to the auditor's planning and risk assessment procedures. If the auditor chooses to use bank confirmation procedures, auditors should encourage their clients to contact their local entity bank's customer relations manager to negotiate potential reduced or waived confirmation request fees.

2. All of the government's public funds are properly insured against loss in accordance with current FDIC coverage for demand and savings accounts and the Virginia Security for Public Deposits Act.

- To determine whether the entity has adequate protection against loss for bank balances in excess of the FDIC limit, obtain a listing from the state Department of Treasury's SPDA website application and agree the SPDA information to the entity's reported balances per the entity's bank statements.

Special Requirements – SNAP Accounts

Sections 2.2-4700 through 2.2-4705 of the Code of Virginia, the Government Non-Arbitrage Investment Act, authorizes the Virginia Treasury Board to provide assistance to Virginia governments in the management of and accounting for their bond funds including, without limitation, bond proceeds, reserves, and sinking funds, and the investment thereof.

Following the passage of the Tax Reform Act of 1986, which placed arbitrage restrictions and additional reporting requirements on issuers of tax-exempt municipal bonds, a group of local finance officials, working together with the Virginia Department of the Treasury introduced legislation authorizing the Treasury Board of Virginia to implement the State Non-Arbitrage Program® (SNAP).

Since 1989, the Treasury Board has sponsored the SNAP Program to provide comprehensive investment management, accounting and arbitrage rebate calculation service for proceeds of tax-exempt and certain taxable financings of Virginia issuers through the hiring of a Program Administrator, Rebate Calculation Agent, Program Custodian, and legal counsel.

Participation, initially limited to general-obligation bonds issued by Virginia's localities, has been expanded to allow for the participation of the Commonwealth of Virginia itself as well as its boards and authorities and those of local governments (collectively referred to as Participants). The Program now accepts proceeds of G.O. and revenue bonds.

Participants can participate in the Program by opening a Pool Account or a Pool Account accompanied by an Individually Managed Portfolio. Participants that are uncertain of how quickly they will spend their bond proceeds generally only open a Pool Account. Participants that have some estimate of their spending plans sometimes open Individual Portfolios in an effort to maximize their potential interest earnings. At the Participant's request, the Program Administrator develops a customized portfolio model to meet the unique draw schedule of the Participant's bond issue.

Pool Accounts

Participants that open a Pool Account buy into a fund that is structured as a Local Government Investment Pool (LGIP) managed in accordance with the Government Accounting Standards Board (GASB) Statement 79. In Fiscal Year 2017, the SNAP Portfolio converted from an SEC 2a-7 registered Money Market Fund to the LGIP vehicle, retaining the same standards of safety, liquidity, maturity and diversification that governed the Pool in its previous status as an SEC Fund. The Pool is managed to maintain a dollar weighted average maturity of 60 days or less and to maintain a constant net asset value of \$1 per share. The Program Administrator makes all investment decisions and purchases for the Pool. The Program Administrator provides monthly reports to the Participants. The Virginia Treasury Board provides governance and oversight of the SNAP LGIP and individual portfolios. Audited financial statements are provided annually to all Participants.

Auditors should confirm asset balances by contacting the SNAP Program Administrator. (<https://www.vasnap.com/>) In addition, auditors should review the most recent arbitrage report to determine potential financial statement reporting and/or disclosures.

Individually Managed Portfolios

Participants that open a Pool Account accompanied by an Individually Managed Portfolio (an IP) collaborate with the Program Administrator to determine a customized investment strategy which may include investments in the Pool and in individual investment securities. The Program Administrator then implements the investment strategy and provides monthly reports to the Participants.

Participants are required to participate in the Pool in order to also have an Individually Managed Portfolio. As a control measure, funds cannot be wired out of an IP. Monies must first be transferred to a Pool and then wired out. This procedure provides a clear audit trail because all cash movements are recorded in the mutual fund accounting system and shown on monthly pool reports to participants. In addition, it assures that maturities and coupon payments are invested at all times.

Participants in the Individually Managed Portfolios are also required to submit additional documentation to the Program's Administrator: a completed W-9 form for the custodian

bank, to establish a custody account in the name of the public entity; and a determination how fees associated with the individual portfolio for investment advisor and custody are to be paid, either by check or automatic payment from the Participant's associated Pool Account.

Auditors must audit SNAP Individually Managed Portfolios just like any other investment portfolio held by the government. The SNAP Individually Managed Portfolios are not audited by any other party.

Program Custodian

Securities purchased for an IP are held by the Program Custodian or for revenue bonds may be held by the issuer's bond trustee. Both the Program Administrator and the Participants are given access to the Participant's IP account at the Program Custodian in order to ensure compliance and to obtain information for accounting records. The Program Custodian is selected through an RFP process administered by Treasury Department Staff and is subject to annual review by the Treasury Board. The Program Custodian is selected in conjunction with the selection of a custodian for the Pool but may or may not be the same financial institution as the Pool's custodian. Currently, the Program Custodian and Pool Custodian are the same financial institution. The Treasury Board contracts with the Program Custodian and the Pool Custodian.

Governmental auditors can confirm IP investments by contacting the Program Custodian. In addition, the auditor should consider reviewing the Pool Custodian's and Program Custodian's Service Organization Control reports (formerly SAS 70) for custodial services. Governmental auditors should ensure the government has adequate expertise and internal controls to authorize, execute and monitor investment activity.

Required Audit Procedure:

For SNAP Pool Accounts, auditor should confirm asset balances by contacting the SNAP Program Administrator (See <https://www.vasnap.com/> for address).

Required Audit Procedure:

For SNAP Pool Accounts accompanied by Individually Managed Portfolios, auditor should confirm asset balances by contacting the SNAP Program Administrator (see <https://www.vasnap.com/> for address) and the Program Custodian respectively. Document the source of the confirmations.

Additional Suggested Audit Procedures:

- A. For both Pool Accounts and Pool Accounts accompanied by Individually Managed Portfolios, auditor may consider reviewing the most recent arbitrage report to determine if the government is properly managing arbitrage and if there is any necessity for financial statement reporting and/or disclosure.
- B. For Individually Managed Portfolios, auditor may consider reviewing the government entity's methodology and procedures to determine whether they are appropriate for managing spending requirements and arbitrage.
- C. For Individually Managed Portfolios, auditor may consider reviewing the government's internal controls for authorizing, executing, and monitoring investment activity.
- D. For Pool Accounts and Pool Accounts accompanied by Individually Managed Portfolios, auditor may consider reviewing the government's internal controls over drawing down bond proceeds. Determine how the government prevents unauthorized transfers.

Special Requirement - Legality of Investments

All investments must be legal investments as defined by Chapter 45 (§2.2-4500 et. seq.) of Title 2.2 of the Code of Virginia. Generally, all public funds may be invested in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: rated P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; ~~Corporation~~ or F1 by Fitch Ratings, Inc. (§2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Required Audit Procedure:

Obtain or prepare a listing of all investments held by the government during the year. Determine whether investments constitute legal investments as defined by Chapter 45 (§2.2-4500 et. seq.) of Title 2.2 of the Code of Virginia.

2-5 Retirement Systems

Virginia Retirement System Contacts: Barry C. Faison, Chief Financial Officer, Phone 804.344.3128, email bfaison@varetire.org; or Kathryn A. Quiriconi, Deputy Chief Financial Officer, Phone 804-697-6677, email kquiriconi@varetire.org

Auditor of Public Accounts (APA) Contact: Zachary Borgerding, Audit Director, APAVRSSupport@apa.virginia.gov. [Updated May 2020]

NOTE: - Section 2-5 is divided into two separate sections to allow the Auditor of Public Accounts to provide employers participating in the VRS the assurance they need to opine to pension activity reported in accordance with GASB Statement No. 68, and GASB Statement 75. The auditor should perform the procedures in the applicable section based on whether the entity's retirement system was audited in accordance with the Auditor of Public Accounts Specifications in the prior year.

If the entity received an audit for a prior fiscal year in accordance with the *Specifications for Audits of Authorities, Boards, and Commissions* and included the initial first year audit procedures from the prior years' Section 2-5, Retirement Systems, the auditor should perform the procedures outlined in [Section 2-5.1 – Retirement System \(Subsequent Years\)](#) below.

If the entity has not received an audit in accordance with the *Specifications for Audits of Authorities, Boards, and Commissions* and the auditor has not performed any retirement system audit procedures in the prior years, the auditor should perform the procedures outlined in the [Section 2-5.2 – Retirement System \(For First Year Reporting Only\)](#).

Given the changes with Other Post-Employment Benefit standards required by GASB Statements No. 74 and 75, auditors should perform the new OPEB audit procedures included as part of Section 2-5.1—Retirement System (Subsequent Years) for all entities following these Specifications (regardless of first year or subsequent year reporting), as applicable for the entity that participates in a VRS administered OPEB plan.

Section 2-5.1 – Retirement System (Subsequent Years)

Some authorities, boards, and commissions participate in the Virginia Retirement System (VRS). If the authorities, boards, or commission participates in VRS **and** 1) personnel expenses are significant **or** 2) management anticipates the expected future pension liability related to their participation in the VRS to be material within the context of the entity's financial statements, then the auditor **must** perform the procedures outlined in the audit specifications below. If the entity does not participate in the VRS, or the personnel expenses or the expected

future pension liability related to their participation in the VRS are not material within the context of the entity's financial statements, these procedures do not need to be performed.

This section has been added to address the reporting requirements stemming from GASB Statement No. 67 (GASB No. 67), *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and Statement No. 68 (GASB No. 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This section has also been updated to address the reporting requirements of GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and *GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018. The procedures defined below are intended to help the Auditor of Public Accounts provide employers participating in the VRS retirement plan(s) and/or OPEB plans, the assurance they need to opine to pension and OPEB activity reported in accordance with GASB. This section will refer to all authorities, boards, and commissions as “the entity.”

Please note the performance of these procedures may need to be coordinated with another auditor, if the entity's back office support (i.e. payroll and human resources) is provided by a locality. The auditor of the locality is responsible for meeting similar audit specifications as outlined in this document based on the guidance provided in the *Specifications for Audits of Counties, Cities and Towns*. If this is the case, please ensure the entity was properly considered by the locality auditor.

Note: As set forth in §51.1-800 of the Code of Virginia, only certain constitutional officers and their employees are eligible for benefits to include: Treasurers, Commissioners of the Revenue, Attorneys for the Commonwealth, Clerks of Circuit Court, and Sheriffs. For these elected officials who are covered under VRS, the employer should begin reporting them when their respective term of office begins. Likewise, the employer should stop reporting an official whose term of office ends, unless the individual otherwise resumes VRS-covered service in a different position with your employer. Other local elected officials are not eligible for VRS benefits, including group life insurance.

Background

The Virginia Retirement System administers a statewide retirement plan, group and optional life insurance programs, a retiree health insurance credit program, and a short-term and long-term disability program. Effective July 1, 2017, the Virginia Retirement System will make all eligibility determinations for the Line of Duty Act (LODA) benefits, issue payments on behalf of LODA Fund participating employers, and manage the investments of the LODA trust fund for

participating employers. The Department of Human Resource Management (DHRM) will administer the LODA Health Benefit Plans. School boards, local governments, and other political subdivisions are eligible to participate in these programs administered by the System. Membership and benefits are provided in accordance with Title 51.1 of the Code of Virginia. The VRS retirement plan was modified effective July 1, 2010. Members hired before July 1, 2010 who had service credits before July 1, 2010 were placed in Plan 1. Members hired on or after July 1, 2010 who had no service credits before July 1, 2010 were placed in Plan 2. The benefit provisions of Plan 1 and Plan 2 differ. On January 1, 2013, existing Plan 1 members who were not vested (had at least 5 years of accumulated service) also, became Plan 2 members. In addition, a new Hybrid plan was implemented effective January 1, 2014. All newly hired employees who are not covered by enhanced benefits as hazardous duty employees are placed in the Hybrid plan. Detailed information on these differences is included in VRS publications and in the Plan Description portion of the sample disclosures provided in Chapter 6 of the Uniform Financial Reporting Manual.

Members are required by statute to contribute 5 percent of their creditable compensation to the pension plan. Plan 1 and Plan 2 members contribute the 5 percent to their member account. With the implementation of the Hybrid plan beginning January 1, 2014 members of the Hybrid plan must contribute 4 percent of their creditable compensation to the defined benefit (DB) component of the Hybrid Plan and a mandatory 1 percent of their creditable compensation to the defined contribution (DC) component of the Hybrid plan. Members may elect to contribute up to an additional 4 percent to the DC component of the Hybrid Retirement Plan each month.

Group life insurance premiums are based on the member's creditable compensation, and optional life insurance premiums are based on the member's age (and the spouse's age if the spouse is covered) and amount of insurance carried. Retiree Health Insurance Credit contributions and Local disability plan contributions are based on a member's creditable compensation.

The Retirement System's *myVRS* Navigator is a web-based benefits management system that allows employers to immediately access and update member and agency related retirement data. The implementation of *myVRS* Navigator significantly changed the retirement contribution reporting process. Many of the responsibilities for managing member data shifted from the Retirement System to each employer. Additionally, the payment process for employers is electronic and most payments are made through ACH Debit and ACH Credit. The ACH payments replaced the lockbox and monthly payment coupon method. VRS still receives

checks from some employers. Check payments are being phased out as the employers transition to ACH. Members are required by statute to contribute 5 percent of their creditable compensation to the pension plan. Plan 1 and Plan 2 members contribute the 5 percent to their member account. With the implementation of the Hybrid plan beginning January 1, 2014 members of the Hybrid plan must contribute 4 percent of their creditable compensation to the defined benefit (DB) component of the Hybrid Plan and a mandatory 1 percent of their creditable compensation to the defined contribution (DC) component of the Hybrid plan. Members may elect to contribute up to an additional 4 percent to the DC component of the Hybrid Retirement Plan each month.

Group life insurance premiums are based on the member's creditable compensation, and optional life insurance premiums are based on the member's age (and the spouse's age if the spouse is covered) and amount of insurance carried. Retiree Health Insurance Credit contributions and Local disability plan contributions are based on a member's creditable compensation.

The Retirement System's *myVRS* Navigator is a web-based benefits management system that allows employers to immediately access and update member and agency related retirement data. The implementation of *myVRS* Navigator significantly changed the retirement contribution reporting process. Many of the responsibilities for managing member data shifted from the Retirement System to each employer. Additionally, the payment process for employers is electronic and most payments are made through ACH Debit and ACH Credit. The ACH payments replaced the lockbox and monthly payment coupon method. VRS still receives checks from some employers. Check payments are being phased out as the employers transition to ACH.

Eligibility Requirement - Virginia Retirement System—Retirement Plan(s)

If the entity participates in the Virginia Retirement System, all permanent, full-time, salaried employees with the entity must participate in the Virginia Retirement System, unless the employee satisfies one of the exemptions to mandatory membership. Part-time employees may not participate in the plan.

Required Audit Procedure—Retirement Plan(s): If the entity participates in the Virginia Retirement System, select a sample of employees from pay periods throughout the year under audit. This includes the full population of all employees under employment, not just VRS participants. (Refer to the additional guidance included above about local elected officials not being eligible for VRS benefits.) For sample size determination reference the AICPA sample

design, size, and selection as defined in AU-C section 530 of the AICPA Professional Standards. For each employee selected determine whether the employee has been reported to the Virginia Retirement System for retirement, life insurance, retiree health insurance credit, and/or local disability coverage or satisfies the requirements for exclusion from mandatory membership. Ensure the employee is not participating in more than one retirement system as mandated under §51.1-125 of the Code of Virginia.

Member Data Reporting Requirements - Virginia Retirement System

Required Audit Procedure—Retirement Plan(s): If the entity participates in the Virginia Retirement System, determine if the entity has multiple control environments supporting employee enrollment in the retirement system. If the entity has multiple control environments perform the procedures below for each of the environments identified independently.

Required Audit Procedure—Retirement Plan(s): If the entity participates in the Virginia Retirement System, identify the population of employees with changes that occurred during the fiscal year under audit year and who contributed to the Virginia Retirement System. Changes include new employees, terminated employees, and employees who received salary changes during the fiscal year for each control environment. Note that this population is limited to VRS participants. Select a sample of employees from the population for each control environment. For sample size determination reference the AICPA sample design, size, and selection as defined in AU-C section 530 of the AICPA Professional Standards. In Appendix A of the accountant's examination report (referenced at the end of this section) provide the sampling considerations and determinations. *This is the First section of the Appendix.

For each employee selected determine whether:

- a. The employee contribution for pension and/or group life insurance was properly deducted from the employee's pay for member contributions paid by the employee; and that the employee's pay was not reduced for contributions where the employer is still paying part of the employee share (employee's pay is reduced if employer picks up the employee contribution through a tax deferred salary reduction).
- b. Census data elements agree to supporting documentation based on the change (*the attributes are arranged and grouped by how they appear in myVRS Navigator*).

Note: *The census data elements tested below are either included as critical elements on the pension and OPEB assertions letters, or help support validation of significant census data elements. While the Social Security Number does not appear as a census data element on the assertions letters for active members, the "VRS ID" does appear*

as a significant element. Accordingly, the audit procedures below require validation of other fields that provide unique identifying information for the member, such as SSN and Name, to assist in confirming an employee's unique assignment of the VRS ID. Validating and ensuring accuracy of the SSN helps provide stronger audit assurance to verify the unique assignment of the VRS ID, in order for the APA's VRS audit team to gain sufficient coverage over each member's identifying information to support APA's opinions over the census data. Further, the actuary's assumptions and the retirement liability can be affected if an individual is recorded under the incorrect SSN.

1. If the employee had a **salary change** ensure the employee's creditable compensation (used in computing the contributions required for all VRS-administered benefits) includes all eligible salary, exclusive of overtime, supplements, extraordinary pay, and termination pay for annual or sick leave, and is properly reflected in myVRS Navigator. Test the following attributes in myVRS Navigator:

Other Details: Salary History

- Current Annual Salary
- Start Date
- Previous Annual Salary
- End Date

2. If the employee is **terminated** test the following attributes:

Other Details: Employment

- Organization Name
- Job Name
- Employment Status
- Start Date
- End Date

Other Details: Person Account

- Org Name
- Org Code
- Coverage Start Date
- Coverage End Date
- Status

3. If the employee is a **new hire** test the following attributes:

Person Details

- Social Security Number (**see note below**)
- Name
- Date of Birth
- Gender

Other Details: Employment

- Organization Name
- Job Name
- Employment Status
- Start Date
- End Date

Other Details: Salary History

- Current Annual Salary
- Start Date

Other Details: Person Account

- Org Name
- Org Code
- Coverage Start Date
- Coverage End Date
- Status

Note: To view the Social Security Number in myVRS navigator (VNAV), the entity/employer staff member must have the “Advanced Person Processor Role.” There is no risk of inadvertent override or deletion of the SSN information in VNAV by viewing this information, as the SSN cannot be changed by employers once they have been entered in the initial enrollment process. If employers determine that an error was made when entering the original SSN, they must initiate the “Merge Person Account/SSN Correction” process in VNAV to request VRS to change the SSN.

- c. If any of the employees selected purchased service to enhance their retirement benefit during the year under audit, ensure the employee met the eligibility requirements and the employer maintained sufficient supporting documentation that proves the eligibility requirements were verified. The purchase is called a Purchase of

Prior Period service in the member's myVRS Navigator record or the employer's contribution confirmation Snapshot.

Required Audit Procedure – Other Post-Employment Benefits, Group Life Insurance

Determine whether the entity has employees **who do not participate in a Virginia Retirement System retirement plan, but do participate in the Group Life Insurance (GLI) other post-employment benefit program** administered by the Virginia Retirement System. If the entity has employees **who do not participate in a Virginia Retirement System retirement plan, but do participate in the Group Life Insurance (GLI) other post-employment benefit program** provided by the Virginia Retirement System, identify the population of employees for the fiscal year under audit. Note that the population is limited to employees who do not participate in a VRS-administered pension plan, but who do participate in the VRS-administered other post-employment benefit, Group Life Insurance. For sample size determination reference the AICPA sample design, size, and selection as defined in AU-C section 530 of the AICPA Professional Standards.

Note: Entities may also participate in the Retiree Health Insurance Credit (HIC) other post-employment benefit program administered by the Virginia Retirement System. If the entity has employees who participate in a Virginia Retirement System retirement plan and/or Group Life Insurance (GLI), in addition to participating in HIC, the required audit procedures for member data reporting for retirement plan(s) and GLI provide audit coverage over the census data elements for HIC for those employees.

For each employee selected, agree the census data elements from *myVRS Navigator* to supporting documentation (*the attributes below are the minimum considerations*). (Refer to the additional guidance included above about local elected officials not being eligible for VRS benefits.)

Group Life Insurance

Person Details:

- First name
- Last name
- Social Security Number
- Date of Birth
- Gender

Other Details: Salary History

- Current annual salary (as of fiscal year end)

Other Details: Employment

- Current employer (as of fiscal year end)

Other Details: Person Account

- Status with current employer
- Retirement plan code

Other Details: Person Account

- Life insurance coverage start date (earliest)
- Life insurance end date (most recent)

Required Audit Procedure – Other Post-Employment Benefits, Line of Duty Act

Determine whether the entity has employees and volunteers who participate in the Line of Duty Act Program (LODA) with benefits being paid through the VRS-administered trust fund.

If the entity has employees who **participate in the Line of Duty Act Program with benefits being paid through the VRS-administered trust fund**, identify the population of active members (including employees and volunteers) for the fiscal year under audit—this population is defined as those who are eligible for Line of Duty Act coverage, but not currently receiving benefits as of the end of the fiscal year under audit. Select a sample of active employees and volunteers from this population. See the related note below for information on how to determine the population. For sample size determination reference the AICPA sample design, size, and selection as defined in AU-C section 530 of the AICPA Professional Standards. In Appendix A of the accountant’s examination report (referenced at the end of this section) provide the sampling considerations and determinations. *This is the First section of the Appendix.

NOTE: The entity should be providing this information to VRS annually if benefits are being paid through the VRS-administered trust fund. For the Line of Duty Act program, the entity should be updating and providing a roster list for participating active employees and volunteers (those defined above at the required audit procedure) to VRS annually. The auditor should ensure the completeness of the roster list, particularly as it relates to the local government volunteers, in addition to active employees, who participate in the program.

Entities may still provide benefits in compliance with the Line of Duty Act, but do not fund the benefits through the VRS-administered trust fund (i.e.: referred to as “non-participating” employers). If this is the case, the auditor should determine how the locality develops its liability for the benefits payable under the Line of Duty Act and perform any audit procedures that may be necessary in preparation of *GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. A listing of the LODA participating employers

is available at the Virginia Line of Duty Act website, <http://valoda.org/pdfs/loda-fund-participating-employers.pdf>. **Any locality not included on this listing is considered a non-participating employer.** A listing of the LODA **Non-participating** employers is available at the Virginia Line of Duty Act website, <https://www.valoda.org/pdfs/loda-fund-nonparticipating-employers.pdf>.

For each employee and/or volunteer selected, agree the census data elements from the roster list to supporting documentation (*the attributes below are the minimum considerations*)

Line of Duty Act

- Name (First, Last)
- Gender
- Date of Birth
- Agency
- Personnel Type

Employer Monthly Reporting Requirements - Virginia Retirement System

In myVRS Navigator, employers are responsible for adding newly enrolled members, maintaining employee records, as well as entering employment and tracking changes (such as salary changes, status changes, and terminations) throughout the month. Employers produce a monthly snapshot of their contributions and are responsible for reviewing the snapshot and verifying that all the employment changes are complete and accurate. Following the snapshot, the employer runs the Contribution Confirmation report, which certifies and records the monthly data. Employers may immediately schedule payment after the contributions are confirmed. The Contribution Confirmation process must occur by the 10th of the month following month to be certified. VRS requires the entity to schedule payment immediately after confirming the contributions. The payment must be received by VRS by the 10th of the month; therefore, when the employer schedules the payment it should be for at least three days prior to the 10th of the month to ensure it is received by VRS.

Procedure Eligible for Alternating Testing Schedule, Part A- Required Audit Procedure—Retirement Plan(s):

NOTE: Prior to performing these procedures, refer to the APA Sample Alternating Testing Schedule-Retirement System Audit SPECS procedures workbook. Use of the APA Sample Alternating Testing Schedule-Retirement System Audit SPECS procedures workbook for

auditor's documentation purposes is optional. However, the auditor must review the APA's requirements established in the guidance at this workbook and apply accordingly for testwork at this section.

If the entity participates in the Virginia Retirement System, select a sample of the newly enrolled employees during the audit period from each of the control environments identified. Note that this population is limited to VRS participants. For sample size determination reference the AICPA sample design, size, and selection as defined in AU-C section 530 of the AICPA Professional Standards. In Appendix A of the accountant's examination report (referenced at the end of this section) provide the sampling considerations and determinations. **This is the Second section of the Appendix.

Determine whether all eligible employees are included on the employer's coverage reports to VRS. Ensure that employers are not modifying work schedules and coverage definitions to provide a means for employees who are currently retired under the VRS plan to work in covered positions without being reported as covered employees. Verify any employees who retired, and were rehired as full-time are active in myVRS Navigator.

(NOTE) – Unreported employees who have returned to work and are still drawing their retirement benefits is a compliance issue (Code of Virginia, §51.1-155(B)(1)).

Procedure Eligible for Alternating Testing Schedule, Part B Required Audit Procedure—Retirement Plan(s) AND Other Post-Employment Benefit Program(s):

NOTE: Prior to performing these procedures, refer to the APA Sample Alternating Testing Schedule-Retirement System Audit SPECS procedures workbook. Use of the APA Sample Alternating Testing Schedule-Retirement System Audit SPECS procedures workbook for auditor's documentation purposes is optional. However, the auditor must review the APA's requirements established in the guidance at this workbook and apply accordingly for testwork at this section.

If the entity participates in the Virginia Retirement System, the employer should reconcile the information in the entity's payroll system to the data in the monthly contribution confirmation in myVRS Navigator each month. The contribution confirmation snapshot file reflects amounts due for the retirement, group life, retiree health insurance credit, and local disability plans. It also distinguishes between those amounts that are due to VRS for the Defined Benefit component of the Hybrid plan as well as those amounts due to ICMA-RC for the Defined

Contribution component of the Hybrid plan. Select a sample of the monthly contribution reconciliations from each of the control environments identified. For sample size determination reference the AICPA sample design, size, and selection as defined in AU-C section 530 of the AICPA Professional Standards. In Appendix A of the accountant's examination report (referenced at the end of this section) provide the sampling considerations and determinations. ***This is the Third section of the Appendix.

Reconciling Payroll and myVRS Navigator:

- 1) Test the reconciliations for accuracy and ensure the employer clears reconciling items prior to confirming the contributions.
- 2) Determine if the employer updates myVRS Navigator through a batch process, or through online keying.
 - i. If the employer updates myVRS Navigator through a batch process each month, the employer submits two separate files: one file for new enrollments and one file for maintenance. For the months selected verify the employer ensures the records in each file are free of errors and certifies the transactions are accurate before submitting the files.
 - ii. If the employer updates myVRS Navigator through online keying, ensure all changes that occurred during the months selected for testing were accurately captured on the monthly snapshot. Ensure this process occurs at least monthly and prior to confirming the monthly contributions.
- 3) Ensure that for the sample of monthly reconciliations selected that the employer confirmed the contributions between the 1st and the 10th of the following month.
- 4) Ensure the employer scheduled the payment immediately after confirming the snapshot.
- 5) For the defined contributions, verify the entity is scheduling and submitting payments to ICMA-RC each time contributions are withheld from employees' pay.

NOTE: The VRS Employer manual (Contribution Confirmation and Payment Scheduling chapter, "Payments to ICMA-RC" section) notes the following: *Defined contributions are submitted to ICMA-RC each time contributions are withheld through payroll, but do not wait until the snapshot is approved. If defined contributions are delayed, the employee's investment earnings may be impacted and the employer may be assessed penalties in accordance with the Hybrid Retirement Plan Adjustment Policy.*

Roles and Responsibilities - Virginia Retirement System

Employers are responsible for assigning and managing access to myVRS Navigator for employees through role-based security. Roles define the data an employee is authorized to view, create, and update.

Procedure Eligible for Alternating Testing Schedule, Part C- Required Audit Procedure – Retirement Plan(s) and Other Post-Employment Benefit Program(s):

NOTE: Prior to performing these procedures, refer to the APA Sample Alternating Testing Schedule-Retirement System Audit SPECS procedures workbook. Use of the APA Sample Alternating Testing Schedule-Retirement System Audit SPECS procedures workbook for auditor's documentation purposes is optional. However, the auditor must review the APA's requirements established in the guidance at this workbook and apply accordingly for testwork at this section.

If the entity participates in the Virginia Retirement System, obtain a list of employees, from each control environment identified, with myVRS Navigator during the fiscal year under review. Ensure employees with active access are currently employed.

Determine which employees had changes to access during the fiscal year under review including terminated access, new access, or changes to access. For those with new access or changes to review the assigned roles for each employee for reasonableness in relation to their current job responsibilities. Verify roles were removed in a timely manner for terminated or inactive employees.

Note: Depending on the population size of employees with myVRS Navigator access, the auditor may choose to select a sample of employees with access, as appropriate. For sample size determination reference the AICPA sample design, size, and selection as defined in AU-C section 530 of the AICPA Professional Standards. In Appendix A of accountant's examination report (referenced at the end of this section) provide the sampling considerations and determinations. ****This is the Fourth section of the Appendix.

Important financial reporting consideration regarding disclosing covered payroll in the required supplemental information.

Under GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, defines the term covered-employee as the payroll of employees that are provided with pensions through the pension plan. This definition differs from that of covered payroll per GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. For guidance

reference the Guide to Implementation of GASB Statement 68 on Accounting and Financial Reporting for Pensions, questions 106 and 210.

GASB Statement No. 82, ***Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73***, eliminates the use of covered-employee payroll and replaces it with covered payroll. Covered payroll is the payroll on which contributions to a pension plan are based. The VRS sample disclosures are updated to reflect the changes resulting from GASB Statement No. 82.

Examination Engagement Reporting

Required Audit Procedure— Retirement Plan(s):

The auditor is required to submit a report to the Auditor of Public Accounts, by November 30 each year, reporting on the results of procedures performed above regarding the completeness and accuracy of the census data for the entity employees participating in the Virginia Retirement System retirement plan(s). The procedures should be performed and the report should be prepared as a part of an examination engagement performed in accordance with AT-C Section 205, *Examination Engagements* (AICPA, *Professional Standards*).

Included with the report, the auditor shall provide an attachment which identifies the following:

- The number of control environments supporting census data reviewed during the engagement (i.e. two, one for the locality and one for the entity) and the responsible party for the control environment (i.e. the locality, the entity)

For each control environment identified and required procedure performed, note the following:

- The population size
- The sample size
- The risks and other considerations used to determine the sample size

A sample report and accompanying attachment is available on the APA website at http://www.apa.virginia.gov/data/download/local_government/guidelines/ABCrss.docx

Required Audit Procedure— Other Post-Employment Benefit Program(s):

The auditor is required to submit a report to the Auditor of Public Accounts, by November 30 each year, reporting on the results of procedures performed above regarding the completeness and accuracy of the census data for the entity employees and volunteers who participate in the **Line of Duty Act Program with benefits being paid through the VRS-**

administered trust fund. The procedures should be performed and the report should be prepared as a part of an examination engagement performed in accordance with AT-C Section 205, *Examination Engagements* (AICPA, *Professional Standards*).

Included with the report, the auditor shall provide an attachment which identifies the following:

- The number of control environments supporting census data reviewed during the engagement (i.e. two, one for the locality and one for the entity) and the responsible party for the control environment (i.e. the locality, the entity)

For each control environment identified and required procedure performed note the following:

- The population size
- The sample size
- The risks and other considerations used to determine the sample size

A sample report and accompanying attachment is available on the APA website at http://www.apa.virginia.gov/data/download/local_government/guidelines/ABCrss.docx

NOTE: The auditor may choose to combine the attestation reporting for the results of both the VRS retirement pension plan(s) and the Line of Duty OPEB plan into 1 report. If this approach is used, the auditor should delineate any findings, if applicable, between the pension retirement and LODA OPEB plans and also delineate the Appendix A information to clearly show the required audit procedures, population, sample size, and risk considerations for the VRS retirement pension and the LODA OPEB (for example, this could be shown by adding separate rows or tables for the Appendix information).

Note: The auditor is not required to submit a report on the results of procedures performed above for the Group Life Insurance (GLI) other post-employment benefit program. **However, the auditor should notify the Auditor of Public Accounts, in writing, if the auditor finds any internal control or compliance issues related to testing the census data for the GLI other post-employment benefit program.** The Auditor of Public Accounts prefers this method of communication be made through e-mail to the LocalGovernment@apa.virginia.gov and APAVRSSupport@apa.virginia.gov email addresses.

Pension and Other Post Employment Benefit Resources

Various resources are available to assist employers and the employer auditors at www.apa.virginia.gov, under “Local Government,” [Pension and OPEB Standards](#), including the AICPA White Paper Series for pensions, relevant AU-C interpretations, GASB implementation guides, and other useful resources.

In addition, the VRS has a “Financial Reporting” section available for Employers at <https://employers.varetire.org/financial-reporting/>. This includes resources to assist the local government employers with financial reporting related to the VRS administered benefit plans, such as the GASB statement information and actuarial valuation reports to include in the annual financial statements. The myVRS Navigator System has a GASB Validation report available, which will assist in making the audit process more efficient. The myVRS Navigator reports will produce data for census data elements that have had changes during the most recent eighteen months. These reports are available upon request and run overnight. The reports are capable of retrieving data for one month, a period of months, or up to twelve months.

NOTE: To determine the population of employees **who do not participate in a VRS pension plan, but who do participate in the VRS-administered other post-employment benefit, Group Life Insurance**, the auditor can request the employer to access the contribution confirmation snapshot in myVRS Navigator System from the last month in the fiscal year. This contribution confirmation snapshot will include the population of employees.

Employer Manuals are available for the auditor’s reference at www.varetire.org (refer to the Employers section, [Publications, VRS Employer manual](#)). Consult with the employer for additional resources from the “VRS University” that may be useful in performing the prescribed audit procedures.

Section 2-5.2 – Retirement System (For First Year Reporting Only)—Retirement Plan(s)

NOTE: If the entity has not received a prior year audit in accordance with the Specifications for Audits of Authorities, Boards, and Commissions and the auditor has not performed any retirement system audit procedures in the prior years, the auditor should contact the APA Local Government manager (Rachel Reamy) to obtain a copy of the “First Year Reporting” audit procedures (the first year of implementation occurred during FY2014 audits). The “first year” procedures have

been removed starting with the FY19 version of these Audit Specifications to eliminate any potential confusion and for ease in reviewing the Specifications.

2-6 Procurement

The Virginia Public Procurement Act, located in Chapter 43 (§2.2-4300 et. seq.) of Title 2.2 of the Code of Virginia, contains state law on the procurement of goods and services. The Act, which was designed to maximize competition, applies to all public bodies.

Special Requirement - Purchases

All purchases must be in accordance with the Virginia Public Procurement Act (Chapter 43 (§2.2-4300 et. seq.) of Title 2.2 of the Code of Virginia).

Special Requirement- Public Private Education Facilities and Infrastructure Act (PPEA)

Any authority, board, commission or other political subdivision that participates in a PPEA agreement must follow the requirements set forth in the Public Private Education Facilities and Infrastructure Act of 2002, Chapter 22.1 of Title 56 of the Code of Virginia (§56-575.1-575.18). As part of this Act, entities are required to send electronic files for any PPEA agreements and supporting documents to the Auditor of Public Accounts (§56-575.18). The Auditor of Public Accounts houses these agreements on the Commonwealth Data Point website, located at <http://legacydatapoint.apa.virginia.gov/ppea.cfm>

Required Audit Procedure: Non-compliance with the Virginia Public Procurement Act, and the Public Private Education Facilities and Infrastructure Act of 2002 if applicable, could result in a direct and material effect on the financial statement amounts. Auditors should consider the risk of material misstatements resulting from direct and material noncompliance with the Public Procurement Act provisions when conducting the audit. The auditor may consider risk assessment and materiality when designing appropriate audit procedures to test noncompliance with this area.

Decentralized Procurement

Auditors should be aware of the purchase of goods and services made by departments and personnel other than the entity's central administrative office. In particular purchases made with federal funds not meeting the Public Procurement Act requirements may result in questioned cost for the government.

2-7 Unclaimed Property *[Updated June 2020]*

~~The Virginia Disposition of Unclaimed Property Act Uniform Disposition of Unclaimed Property Act in Chapter 11.125 (§55.1-210.12500 et. seq.) of Title 55.1, Subtitle V. The Uniform Disposition of Unclaimed Property Act in Chapter 11.1 (§55-210.1 et. seq.) of Title 55~~ of the Code of Virginia sets forth procedures for unclaimed or abandoned property. As a general rule, the Act presumes abandoned any property remaining unclaimed by its owner for more than the specified period, usually five years. However, for any government, all intangible property held for the owner that remains unclaimed for more than a year is presumed abandoned (§~~55.1-2517~~~~55-210.9~~). Unclaimed property may consist of outstanding checks, utility deposits, tax refunds, unpaid wages, unpaid pension benefits, unclaimed insurance demutualization proceeds (§~~55.1-2509~~~~55-210.4:2~~) and other tangible or intangible property.

The Act requires applicable entities to file an annual report with the State Treasurer listing all unclaimed property and remit the property to the State Treasurer for final disposition. The Act requires entities to exercise due diligence, at least 60 days prior to the submission of the report, to determine the whereabouts of the owner if (1) the government has in its records an address for the apparent owner which the holder's records do not disclose to be inaccurate and (2) the property has a value of \$100 or more (§~~55.1-2524~~~~55-210.12E~~).

Reporting Requirement - Unclaimed Property

Every person holding funds or other property presumed abandoned under the Act must file a report listing unclaimed property as of June 30. The report must be filed with the state Treasurer by November 1 of each year (§~~55.1-2524~~ ~~55-210.12~~ of the Code of Virginia).

Required Audit Procedure:

Auditor must scan bank reconciliations for checks outstanding greater than one year. Auditor should also make inquiries of responsible officials as to unclaimed property and determine whether the local government entity has exercised due diligence as described under §~~55.1-2524, part E. 55-210.12 (E)~~ of the Code of Virginia. If the local government entity has unclaimed property, determine whether it filed a report on unclaimed property with the State Treasurer as required.

2-8 Conflicts of Interest *[Updated July 2020]*

The State and Local Government Conflict of Interests Act is contained in Chapter 31 (§2.2-3100 et. seq.) of Title 2.2 of the Code of Virginia. The Act is designed to assure that the judgment of public employees is not compromised or affected by inappropriate conflicts. The Act prohibits

local government officers or employees from participating in certain transactions in which they or their family members have a material financial interest. The Act absolutely prohibits other activities such as accepting bribes. Section 2.2-3115 of the Code of Virginia stipulates that certain local government employees are required to file conflict of interest forms with their respective local body.

The following local entity officials may be required to file the *State and Local Statement of Economic Interests* (SOEI) form as follows under §2.2-3115 (A):

- Persons holding positions of trust appointed or employed by the governing body if the governing body has passed an ordinance requiring them to file.

Note: This may be applicable when auditing an authority, board, district, commission, or political subdivision (entity) in accordance with these Specifications, if the governing body has passed an ordinance requiring a specific appointed or employed person of the entity in a designated position of trust to file the SOEI form.

Further, §2.2-3115(A) and (B) specifies that certain members of local entities must annually file a **Financial Disclosure Statement** (“short form”), specifically as follows:

- Members of the governing body of **any authority** established in a county or city with the power to issue bonds or expend funds in excess of \$10,000 in any fiscal year, other than the executive director and members of each industrial development authority and economic development authority, as created by the Industrial Development and Revenue Bond Act (see additional bullet below), unless the governing body of the appointing jurisdiction requires the members to file the SOEI form.

NOTE: During an Ethics Council meeting in November 2017 (refer to the Council’s website at this [link](#)), the Council presented proposed legislative changes to subsection A of §2.2-3115 to expand the terminology of “authority” to be replaced with terminology such as “governmental agency” in order to encompass other governmental entities (i.e.: commissions, other political subdivisions). Based on review of the 11/20/17 Council meeting minutes (as noted on the Council’s website at this [link](#)), the Council did not pass or approve the proposed amendments to §2.2-3115. Accordingly, auditors should continue reviewing the requirement for members of the governing body to annually file the “short form” only as it relates to an audit of any authority, as specifically stated in current legislation at §2.2-3115(A) of the Code of Virginia.

As mentioned above, a member of a governing body or employee of other local entities may be required to file the SOEI form if they are designated in a “position of trust” and required by ordinance to file.

- The executive director and members of each industrial development authority and economic development authority, as created by the Industrial Development and Revenue Bond Act (§ 15.2-4900 et seq.) are required to file a Statement of Economic Interests (SOEI) form with the clerk of the local governing body as a condition to assuming office and thereafter annually on or before February 1. The first disclosure form for the executive director and members of each industrial development authority and economic development authority is due on August 1, 2020 (refer to the note at “Required Audit Procedure” below for additional consideration).

Note: The 2020 General Assembly session (Chapters 77, 81) amended § 2.2-3115, specific to an IDA/EDA’s executive director and members. Prior statute allowed filing of a Financial Disclosure Statement unless the governing body had required the members to file an SOEI. The new statute makes the filing of an SOEI form mandatory for IDA/EDA executive directors and members.

- Non-salaried citizen members of local boards, commissions, and councils **if the governing body has designated them to file.**

Additionally, the following local officials are required to file the *Real Estate Disclosure* per §2.2-3115(G):

- Planning commission members
- Members of board of zoning appeals
- Real estate assessors (where applicable)

If the local entity official in question does not meet one of the aforementioned criteria, they cannot be mandated to file.

Auditors should consider the following information when reviewing conflicts of interest:

- **The filing deadline for Calendar Year ~~2018-2019~~ filings was February 1, ~~2019~~2020.**
- Local entity officials and employees must file their disclosure forms with the Clerk of the appropriate governing body. Disclosure form records are required to be maintained by the respective clerk of the governing body. Auditors should direct their requests accordingly.
- The Clerks are required to send the filers the correct forms to complete (i.e.: either the SOIE form or Financial Disclosure form, not both) 20 days prior to the filing deadline.

- Many authorities, boards, districts, commissions, political subdivisions (i.e.: entities), have board members who also work as council/board members or local officers at other cities, counties, or towns, and these entity individuals may have already filed the required forms in connection with their duties and requirements at their applicable localities. In these instances, if the entity board member has already filed with a locality or different entity for the year, the filer has met the Council's requirement and is not required to file multiple, duplicate forms. If the entity member/official has filed with another locality or entity, and the auditor/CPA firm is not contracted to perform that audit, the auditor may choose to make inquiries if determined necessary but is not required to test the applicable SOEI filing of that other locality or entity.
- If a filer meets the requirements for filing both the SOEI form and the Financial Disclosure form, the filer is only required to file one form. Filing the SOEI form fulfills the Financial Disclosure requirement if the person holds more than one position that would require each.
- Departure filings are only required if the position is held through the filing deadline (there is no requirement to file if the person leaves on or before January 31).

For additional resources and guidance on Conflict of Interests, auditors can refer to the Council's website under Filing Resources: <http://ethics.dls.virginia.gov/filing-resources.asp>

Required Audit Procedure:

Where applicable, obtain and review annual disclosure forms filed by entity officials as specified above. Determine completeness of applicable officials that were required to file and that the accurate form was filed according to the type of filer.

Where applicable, the auditor should also review disclosure forms for new local officials hired during the year, as any applicable newly hired officials are required to file disclosure forms prior to assuming office or taking employment.

Note: As noted above, due to statutory changes during the 2020 General Assembly session, the first SOEI filing date for an executive director and members of an IDA/EDA is August 1, 2020; however, due to timing, the auditor may be complete with testing the required Audit Specifications procedures for the entity's FY2020 audit prior to this August 1 deadline. In these instances, the auditor may choose to defer testing an IDA/EDA's executive director and members August 1, 2020, filing until next year's FY2021 audit.

Employment Requirement

In accordance with §2.2-3110B of the Code of Virginia, the employment at the same governmental agency of an officer or employee and a spouse or other relative residing in the

same household, who is employed in a direct supervisory or administrative position, or both, and receives an annual salary of \$35,000 or more, creates a material financial interest.

Section 2.2-3101 defines a “governmental agency” as component part of the legislative, executive or judicial branches of state and local government, including each office, department, **authority**, post, **commission**, committee, and each institution or **board** created by law to exercise some regulatory or sovereign power or duty as distinguished from purely advisory powers or duties.

Required Audit Procedure:

Through inquiry and observation, the auditor should determine whether any local officer or employee has a spouse or other relative residing in the same household, who occupies a direct supervisory and/or administrative position at the same entity and receives an annual salary of \$35,000 or more. In such instances, the auditor should verify that the officials have disclosed this material financial interest and sought an advisory opinion/legal counsel on whether a conflict may exist in accordance with the Conflict of Interests Act.

Required Audit Procedure:

When obtaining an understanding of the entity and their internal controls, the auditor should assess the risk of the entity entering into illegal contracts based on third party relationships with members of the governing body. The entity should have procedures in place to ensure disclosure and appropriate response to third party relationships in areas such as contract negotiations, grant recipient selections, and related party board appointees.

2-9 Reporting

Background Information

Governmental entities are required to prepare an annual financial report in accordance with pronouncements of the Governmental Accounting Standards Board (GASB).

Auditors should follow the requirements of *Government Auditing Standards* and CFR Part 200 of the Uniform Guidance in reporting weaknesses in internal controls and noncompliance with laws and regulations. The auditor may apply materiality thresholds and use professional judgment when making the determination to report noncompliance findings; for example, when evaluating whether the finding rises to the level of a material weakness or significant deficiency for Government Auditing Standards reporting purposes, or whether the finding is reported at a lower level in a written management letter.

Auditors should disclose any questioned costs involving federal funds in accordance with the provisions of CFR Part 200 of the Uniform Guidance and the AICPA Audit and Accounting Guide, Government Auditing Standards and Single Audits, as amended.

If the government receives federal funds, the government, or the auditor if so specified in the audit contract, must submit the data collection form and the reporting package to the Federal Clearinghouse as required by the Uniform Guidance.

In accordance with Chapter 854 of the 2019 Acts of Assembly, Item 2.E., any auditor communication related to other internal control deficiencies and/or financial matters that merit the attention of management and the governing body (commonly referred to as a “management letter”) must be made in the form of official, written communication; this communication cannot be made orally.

The auditor and entity should be aware that the Auditor of Public Accounts publishes the annual financial reports and management letters on the APA website. The report should not include any personally identifiable information or other sensitive, FOIA exempt information.

The entity and auditor should ensure that sensitive/FOIA exempt information, for example FOIA exempt information related to an internal control weakness in information systems, has been redacted from the written management letter submitted to the APA.

Requirement: The auditor must render an opinion on the financial statements and provide the other appropriate reports required by *Government Auditing Standards* issued by the Comptroller General of the United States. The Auditor of Public Accounts also requires that the opinion(s) reference these Specifications.

Requirement: The governmental entity, or the auditor if so specified in the audit contract, must submit the audited financial report to the Auditor of Public Accounts within 90 days after the end of their fiscal year in accordance with §30-140 of the Code of Virginia.

The auditor must provide in official, written communication any other internal control deficiencies or other financial matters that the auditor has communicated with entity management and the local governing, outside of the report on internal control. The auditor must also submit to the Auditor of Public Accounts any separate written management letters that the auditor has issued to the entity. E-mail electronic reports and management letters to localgovernment@apa.virginia.gov.

**SPECIFICATIONS FOR AUDITS OF
AUTHORITIES, BOARDS, AND COMMISSIONS
CHAPTER 3
QUALITY CONTROL PROGRAM**

3-1 General

Beginning in 2020, the Auditor of Public Accounts will incorporate review over the audits of entities that are required to follow these audit specifications, as part of our annual quality control review process. This chapter includes the policies and procedures the Auditor of Public Accounts uses during quality control reviews. This chapter also includes procedures the Auditor of Public Accounts uses when we find substandard audit quality.

The Auditor of Public Accounts established its quality control program to monitor the quality of local government audits. The quality control program also monitors compliance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Uniform Guidance Audit Requirements, 2 CFR Part 200—*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, all of which have been incorporated by reference into these audit specifications.

3-2 Quality Control Reviews

Quality control reviews consist of a detailed review of the auditor's working papers to determine adherence to applicable standards. They provide an independent review of the auditor's reports and the working papers supporting those reports.

The Auditor of Public Accounts selects a sample of audits each year for quality control reviews. All local government audit firms are subject to review and may include audits selected for the following reasons.

- Significant or repetitive deficiencies found during the previous quality control reviews.
- Concerns raised by local government officials, state agencies, or federal agencies regarding the quality of the audit.
- Audits selected at the discretion of the Auditor of Public Accounts.

The Auditor of Public Accounts notifies firms selected for quality control reviews in writing. Firms will receive notifications as far in advance as possible to allow the firm to prepare for the review.

The reviewer visits the certified public accountant's office and examines the auditor's working papers and certain policies and procedures developed by the audit firm to determine whether:

1. the audit complies with the Specifications for Audits of Authorities, Boards, and Commissions, issued by the Auditor of Public Accounts;
2. the audit complies with Government Auditing Standards, issued by the Comptroller General of the United States;
3. the audit complies with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (if applicable);
4. the annual financial report complies with generally accepted accounting principles for governmental entities; and

The reviewer uses a quality control program developed by the Auditor of Public Accounts to assist in the review. A copy of the review program is available upon request.

Audit documentation must meet the standards established by the AICPA and *Government Auditing Standards*. Consequently, audit documentation should provide a clear record of work performed and should contain sufficient information so that supplementary oral explanations are not required. Failure to document required procedures may result in a qualified opinion concerning adherence to standards.

3-3 Reporting on the Results of Quality Control Reviews

Upon completion of the initial fieldwork, the Auditor of Public Accounts will provide draft copies of the quality control report to appropriate members of the audit firm for review and comment. The audit firm will have a period, not to exceed sixty days, to respond to the draft before the issuance of the final report. At the request of the auditor, the Auditor of Public Accounts will hold a formal exit conference to discuss any findings. This Office will incorporate any valid changes resulting from the auditor's comments or exit conference into a second draft of the report.

The final quality control review report addresses the overall adequacy of the audit. Firms can receive a rating of pass, pass with deficiency(ies), or fail. When the Auditor of Public Accounts finds significant deficiencies based on the quality control review, the report will include the findings on matters that require corrective action.

Copies of the final reports will go to the audit firm, local government officials for the applicable audit, the Board of Accountancy, and the Virginia Society of Certified Public Accountants.

The Auditor of Public Accounts maintains copies of the final quality control review reports on file as a matter of public record. The Auditor of Public Accounts publishes the quality control reports, starting with the reports published for fiscal year 2012, on the APA website, Local government section at, http://www.apa.virginia.gov/APA_Reports/qcr_reports.aspx.

3-4 Procedures for Substandard Audits

The Auditor of Public Accounts will communicate all quality control review findings to the auditor. If the auditor receives a rating of fail, then the Auditor of Public Accounts will consider referral to the state or federal grantor agencies and/or the Board of Accountancy as described below.

When the Auditor of Public Accounts notifies the locality's governing body, the notification letter will summarize the findings and identify those areas where the locality has the most risk. The letter also may recommend that the local government require the auditor to perform additional work to reduce the locality's risk.

Where findings relate to state or federal compliance issues, the Auditor of Public Accounts may notify the appropriate state or federal regulatory agencies of its findings. Again, the notification letter will attempt to identify areas where the agency is at risk.

If the Auditor of Public Accounts determines that the audit firm has severe deviations from applicable auditing standards, they may refer the audit to the Board of Accountancy for investigation and possible action.

3-5 Relationship to Other Quality Review Programs

Government Auditing Standards, issued by the Comptroller General of the United States, requires organizations conducting government audits to have an external quality control

review at least once every three years. This quality control review must include at least one governmental audit in its scope.

The American Institute of Certified Public Accounts and the Virginia Society of Certified Public Accountants, as an administering entity, conduct Practice Monitoring Programs (such as Peer Review) that meet the requirements of *Government Auditing Standards* for audit firms in public practice. The quality control reviews conducted by the Auditor of Public Accounts should not be confused with the American Institute's, Virginia Society's, or other programs designed to meet the external quality control review requirements of *Government Auditing Standards*. Both the purpose of the reviews and the methods used to conduct the reviews differ.

The programs conducted by the American Institute or Virginia Society assess the adequacy of the audit firm's overall system of quality control. They typically include a study and evaluation of the firm's quality controls and a review of selected engagements for compliance with the firm's policies and procedures. The Auditor of Public Accounts' review involves the selection of limited audits specific to local governments and determines adherence to standards rather than adherence to firm policies. Consequently, the findings for the two reviews may differ in content and significance.

**SPECIFICATIONS FOR AUDITS OF
AUTHORITIES, BOARDS, AND COMMISSIONS**

APPENDIX 1

List of Authorities, Boards, and Commissions (amended June 2015)

The following is a list of some of the types of political subdivisions that are required to follow these auditing and reporting specifications. Included with the type of entity is the Code of Virginia reference that provides authority for its establishment. The list is limited and not all-inclusive, should an auditor encounter an entity not listed below, we recommend that the auditor contact the Auditor of Public Accounts to determine whether these specifications include the entity.

Name or Category	Authority (Code of Virginia or Other)
Alexandria Historical Restoration and Preservation Commission	Acts of Assembly
Alleghany Highlands Economic Development Authority	15.2-6200 et seq.
Authorities for Development of Former Federal Areas	15.2-6300 et seq.
Behavioral Health Authorities	37.2-600 et seq.
Buchanan County Housing Development Corporation	Acts of Assembly
Buchanan County Tourist Train Development Authority	15.2-6700 et seq.
BVU Authority	15.2-7200 et seq.
Chesapeake Port Authority	Acts of Assembly
Chesterfield County Toll Road Authority	Acts of Assembly
Community Development Authority	15.2-5152 et seq.
Criminal Justice Training Academies	15.2-1747 et seq.
Eastern Virginia Medical School	Acts of Assembly
Educational Facilities Authority	23-30.39 et seq.
Electric Authorities	15.2-5400 et seq.
George Washington Toll Road Authority	Acts of Assembly
Hampton Roads Sanitation District Commission	Acts of Assembly
Hampton Roads Sports Facility Authority	15.2-5900 et seq.
Hampton Roads Transportation Accountability Commission	33.2-2600 et seq.
Hospital Authorities	15.2-5300 et seq.
Hospital or Health Care Commissions	15.2-5200 et seq.
Industrial Development and Revenue Bond Act	15.2-4900 et seq.
Jail Authorities	53.1-95.2 et seq.
Library Boards	42.1-33 et seq.
Local Correctional Facilities	53.1-68 et seq.
Local Social Service Boards	63.2-300 et seq.
Municipal and County Airports and Other Air Navigation Facilities	5.1-31 et seq.

Name or Category	Authority (Code of Virginia or Other)
New River Valley Emergency Communications Regional Authority	Acts of Assembly
Northern Virginia Transportation Authority	33.2-2500 et seq.
Park Authorities	15.2-5700 et seq.
Parking Authorities Act	Acts of Assembly
Peninsula Ports Authority of Virginia	Acts of Assembly
Planning District Commissions	15.2-4200 et seq.
Portsmouth Port and Industrial Commission	Acts of Assembly
Public Recreation Facilities Authorities	15.2-5600 et seq.
Rappahannock River Basin Commission	62.1-69.25 et seq.
Redevelopment and Housing Authorities	36-1 et seq.
Regional Jails or Jail Farms	53.1-105 et seq.
Regional Juvenile Detention Commissions	16.1-315 et seq.
Richmond Metropolitan Transportation Authority	33.2-2900 et seq.
Roanoke Higher Education Authority	23-231.13 et seq.
Sanitary Districts	21-113 et seq.
Southside Virginia Tourism Development Authority	15.2-5509 et seq.
Southwest Virginia Health Authority	15.2-5368 et seq.
Tourism Development Authority for the LENOWISCO and Cumberland Plateau Planning District Commissions	15.2-5500 et seq.
Tourist Train Development Authority	15.2-6550 et seq.
Virginia Baseball Stadium Authority	15.2-5800 et seq.
Virginia Coalfield Economic Development Authority	15.2-6000 et seq.
Virginia Naval Museum Authority	Acts of Assembly
Virginia Recreational Facilities Authority	10.1-1600 et seq.
Virginia Regional Industrial Facility Authorities	15.2-6400 et seq.
Virginia Water and Waste Authorities	15.2-5100 et seq.
Williamsburg Area Transit Authority	15.2-6800 et seq.

List of Commonwealth related Entities (amended July 2020)

The following is a list of the Commonwealth related entities, for which the Auditor of Public Accounts procures the annual audit with a public accounting firm and manages the contract. These entities are also required to follow these auditing and reporting specifications as part of the audit contract.

Entity Name
<u>Central Virginia Transportation Authority (new entity created in 2020)</u>
Fort Monroe Authority
Hampton Roads Transportation Accountability Commission
Virginia College Savings Plan (Virginia 529)
Virginia Coal Train Heritage Authority
Virginia Commercial Space Flight Authority
Virginia Nuclear Energy Consortium Authority
<u>Virginia Passenger Rail Authority (new entity created in 2020)</u>
Virginia Port Authority (includes the Virginia International Terminals)
Virginia Resources Authority
Virginia Tobacco Settlement Financing Corporation